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Dear Tim

**Re: DNPC01 – Customer Charge Structure for the 0-73mwh Load Band**

Thank you for the opportunity to comment on the above consultation document. Statoil (UK) Ltd (STUK) is in support of this proposed change and as such would like to make the following comments.

The current commodity based method used for calculating the customer charge for the 0-73mwh load band means that the charge varies with throughout through the year, creating periods of over or under recovery. This in turn creates the need for the charges to be adjusted frequently and by larger amounts than may be necessary to correct the over/under recovered amounts.

STUK welcome the proposal by the DNs to change the customer charge for the 0-73mwh load band from a commodity based charge to a capacity based one. This would reduce the need to correct over/under recovery and would improve cost reflectivity. Changing the 0-73mwh customer charge from a commodity to a capacity based charge would also support Ofgems view that 'there seems no clear justification why the charge to domestic customers should be on a throughput basis', the change would therefore make the customer charging structure more consistent in the different load bands, enabling the overall level of distribution charges to become more stable.

STUK believe that the implementation date of 1 April seems sensible, allowing the change in charges to accurately reflect the recovery period. Implementing on the 1 April will allow the charge to be set at an appropriate level for the full formula year helping to make the charge more stable.

STUK trust that our comments will be given due consideration and should you wish to discuss any aspect of this response further please contact me on the above number.

Yours sincerely,

Shelley Rouse  
Regulatory Affairs Advisor

\* Please note that due to electronic transfer this letter has not been signed



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